

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0045P

Use Tax

Calendar Years 1997, 1998, and 1999

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on September 11, 2000.

Taxpayer is an Indiana corporation that maintained its headquarters in Indiana until the year 2000. Taxpayer's corporate headquarters moved out of state. Taxpayer failed to self-assess use tax on clearly taxable purchases such as office supplies, concrete and stone, maintenance supplies, fixed assets, and other miscellaneous items.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to self assess use tax for various clearly taxable items.

Taxpayer requests a waiver of penalties because many vendors sell both taxable and nontaxable items depending on the job classification and periodically the vendors use the wrong account that is not caught internally. Finally the taxpayer states that as a percentage of invoices processed, the error rate was low, probably less than .1% and in a busy office in a competitive industry it is impossible to achieve 100% accuracy. Taxpayer states it has modified its procedures.

Taxpayer failed to self assess use tax on clearly taxable purchases in all years of the audit. Although the taxpayer made improvements from one year to the next, it failed to self assess and remit use tax due on 98.5%, 56.3%, and 23.4% for calendar years 1997, 1998, and 1999 respectively.

The taxpayer was negligent in failing to self-assess and remit use tax on clearly taxable fixed assets and miscellaneous purchases and has not shown reasonable cause for failing to do so.

FINDING

Taxpayer's protest is denied.